

# **Tobin & Co.**

Almira Township

Benzie County, Michigan

Audit Report

For the Year Ended March 31, 2008

Reset Form

Email

# Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended

|                                     |                                   |                               |          |
|-------------------------------------|-----------------------------------|-------------------------------|----------|
| Unit Name<br><b>Almira Township</b> | County<br><b>Benzie</b>           | Type<br><b>Township</b>       | MuniCode |
| Opinion Date<br><b>9/16/08</b>      | Audit Submitted<br><b>9/30/08</b> | Fiscal Year<br><b>3/31/08</b> |          |

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

|  |
|--|
| <input checked="" type="checkbox"/> 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?  |
| <input checked="" type="checkbox"/> 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?  |
| <input checked="" type="checkbox"/> 3. Were the local unit's actual expenditures within the amounts authorized in the budget?  |
| <input checked="" type="checkbox"/> 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?   |
| <input checked="" type="checkbox"/> 5. Did the local unit adopt a budget for all required funds?   |
| <input checked="" type="checkbox"/> 6. Was a public hearing on the budget held in accordance with State statute?   |
| <input checked="" type="checkbox"/> 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?   |
| <input checked="" type="checkbox"/> 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?   |
| <input checked="" type="checkbox"/> 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?  |
| <input checked="" type="checkbox"/> 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)  |
| <input checked="" type="checkbox"/> 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.) |
| <input checked="" type="checkbox"/> 12. Is the local unit free of repeated reported deficiencies from previous years?  |
| <input checked="" type="checkbox"/> 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? <b>NA</b>  |
| <input checked="" type="checkbox"/> 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?  |
| <input checked="" type="checkbox"/> 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?  |
| <input checked="" type="checkbox"/> 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?  |
| <input checked="" type="checkbox"/> 18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?   |

|                            |                |
|----------------------------|----------------|
| General Fund Revenue:      | <b>370034</b>  |
| General Fund Expenditure:  | <b>303874</b>  |
| Major Fund Deficit Amount: | \$ <b>0.00</b> |

|  |               |
|--|---------------|
| General Fund Balance:                                      | <b>400419</b> |
| Governmental Activities Long-Term Debt (see instructions): | <b>555733</b> |

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations)

|  |                              |   |                          |                                  |
|--|------------------------------|---|--------------------------|----------------------------------|
| CPA (First Name)<br><b>DAVID</b>               | Last Name<br><b>BASLER</b>   | Ten Digit License Number<br><b>1101013418</b> |                          |                                  |
| CPA Street Address<br><b>400 E. Eighth St.</b> | City<br><b>Traverse City</b> | State<br><b>MI</b>                            | Zip Code<br><b>49686</b> | Telephone<br><b>231-947-0151</b> |
| CPA Firm Name<br><b>Tobin &amp; Co., PC</b>    | Unit's Street Address        | City  | Zip Code                 |                                  |

# Tobin & Co.

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INTRODUCTORY SECTION

# **Tobin & Co.**

## Comments and Recommendations

We have audited the basic financial statements of Almira Township, Benzie County, for the year ended March 31, 2008 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Almira Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

### General

The records were maintained in good condition by your Clerk and Treasurer. Recorded revenues were deposited timely and intact, journals and ledgers were properly posted, Board minutes were in good order, and supporting documents and follow-up procedures appeared to be in good order.

We did note some shortcomings in the maintenance of these records and in a separate management letter, we have detailed these shortcomings and suggested measures which, if adopted, will improve the accounting records and internal controls.

### Budgets and Procedures

The Township prepared and formally adopted budgets for its General, Special Revenue and Debt Service Funds.

### General Fund

The General Fund is presented on Schedule 1. The fund balance at March 31, 2008 was \$400,419, an increase of \$66,160 from the prior year.

### Fire and EMS Operating Fund

This fund, presented in Schedule 2, is used to account for a voted tax levy for fire protection and ambulance services. Revenues consisted primarily of property taxes and fire and ambulance run fees. The fund balance at March 31, 2008 was \$555,134, an increase of \$80,961 from the prior year.

### Debt Service Fund

The debt service fund, presented in Schedule 3, is used to account for a voted tax levy for the retirement of an installment loan used to construct a new fire and ambulance facility. The fund balance at March 31, 2008 was \$121,953, an increase of \$23,416 from the prior year.

### Property Tax Administration Fees

A 1% property tax administration fee is authorized by statute to offset such property tax administration costs as assessing, collecting, and the review and appeal process. Almira Township levied this fee on its 2007 property taxes. For the audit year, costs exceed these fees plus \$6,595 paid by the State for collection of the State Education Tax.

### Property Tax Collections

Property taxes were distributed to taxing units in a timely fashion as required by law. Receipts were filed in order of payment, and supported by computer printouts. Deposits were timely and intact.

Schedule 8 reflects the amount levied, collected, and returned delinquent for the 2007 property tax levy.

# **Tobin & Co.**

## Comments and Recommendations

### Insurance and Surety Bond Coverage

Records reflect that the Township is insured through Municipal Underwriters of Michigan and has such coverage as fire and extended coverage, general liability, equipment, errors and omissions, crime and workmen's compensation. Coverage was reviewed during the audit year. The Clerk, Treasurer, Deputy Clerk, Deputy Treasurer, Supervisor, Constable and Assessor have surety bond coverage.

### Payroll Procedures

The Clerk observes federal and State guidelines in the withholding of income taxes and social security. Withholdings were paid over in a timely manner, required reports were filed, and forms W-2 were issued to employees at calendar year end. Payroll records were maintained in good order.

### Other Data

After completion of our audit, we will submit the necessary copies of our report to the State Department of Treasury.

We appreciate the courtesy extended our field auditor in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

FINANCIAL SECTION

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## REPORT OF INDEPENDENT AUDITOR

To the Township Board  
Almira Township  
Benzie County  
Lake Ann, Michigan 49650

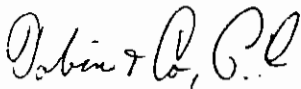
We have audited the accompanying financial statements of the governmental activities and each major fund, and the aggregate of remaining fund information of Almira Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate of remaining fund information of Almira Township at March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Almira Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



TOBIN & CO., P.C.  
Certified Public Accountants  
September 16, 2008



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## ALMIRA TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Almira Township's annual report presents our discussion and analysis of the Township's financial performance during the fiscal year ended March 31, 2008. Please read it in conjunction with the financial statements, which immediately follow this section.

### Financial Highlights

The assets of Almira Township exceeded its liabilities at the close of the most recent fiscal year by \$3,276,520. Of this amount, \$1,156,956 may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$1,156,956, an increase of \$183,387 in comparison with the prior year. Of the total amount, \$1,138,701 is available for spending at the Township's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$388,876, or 128% of total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Almira Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

#### 1. Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the Township's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include: General Government, Public Safety, Road Projects, and Township Improvements. Almira Township does not have any business-type activities (examples would include water and sewer, golf courses, cemeteries, etc.).

#### 2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Almira Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Almira Township are categorized as governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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Almira Township maintains five individual governmental funds. Information is presented separately for the major funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire and EMS Operating Fund, and Debt Service Funds.

The Township adopts an annual appropriated budget for its general fund, special revenue funds, and debt service fund. A budgetary comparison statement has been provided for the general fund and other funds to demonstrate compliance with this budget.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial resources because the resources of those funds are not available to support the Township's own programs.

The basic Fiduciary fund financial statement can be found on page 15 of this report.

## 3. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### General Analysis and Highlights

The General Fund is in good shape considering current economic conditions. The Township Board has been prudent in their oversight. Building within the Township is the lowest it has been in years. Even with this extremely slow growth, Almira Township is still in the top two townships for building in Benzie County.

### Analysis of Balances and Transactions of the Other Township Funds

All other funds remain in good condition. The Fire and EMS Fund 206 is in very good shape and continues to grow. As long range plans will include expensive equipment in the future, i.e., fire engine and/or water supply truck, we will be well prepared to make the purchase(s) without requesting extra millage. Parks and Recreation Maintenance millage, Fund 208 remains adequate to maintain our park. Fund 306 Debt Service has revenue out-pacing the loan amount and we look forward to paying that off sooner than was originally anticipated.

### Condensed Financial Information

#### Net Assets

|  | Governmental and<br>Total Activities |
|--|--------------------------------------|
| Current Assets   | \$ 1,162,865                         |
| Capital Assets   | <u>2,675,297</u>                     |
| Total Assets   | 3,838,162                            |
| Current Liabilities  | 5,909                                |
| Long-term Debt   | <u>555,733</u>                       |
| Total Liabilities  | <u>561,642</u>                       |
| Net Assets:  |                                      |
| Investment in Capital and<br>Intangible Assets, net of<br>Related Debt | 2,119,564                            |
| Restricted   | 18,255                               |
| Unrestricted   | <u>1,138,701</u>                     |
| Total Net Assets   | <u>\$ 3,276,520</u>                  |

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| Activities              | Governmental and<br>Total Activities |
|-------------------------|--------------------------------------|
| Program Revenues:       |                                      |
| Charges for Services    | \$ 125,169                           |
| Operating Grants        | 20,065                               |
| General Revenues:       |                                      |
| Property Taxes          | 517,747                              |
| State Shared Revenues   | 174,408                              |
| Other                   | <u>48,156</u>                        |
| Total Revenues          | <u>885,545</u>                       |
| Expenses:               |                                      |
| Legislative             | 38,239                               |
| General Government      | 225,388                              |
| Public Safety           | 263,123                              |
| Public Works            | 4,397                                |
| Recreation and Cultural | 39,567                               |
| Debt Service            | <u>23,596</u>                        |
| Total Expenses          | <u>594,310</u>                       |
| Change in Net Assets    | <u>\$ 291,235</u>                    |

## Capital Asset and Debt Administration

### Capital Assets

The Township's net investment in capital and intangible assets for its governmental activities as of March 31, 2008, amounts to \$2,119,564. This investment in capital assets includes: various parcels of land, township hall, cemetery facilities and equipment, and office equipment and computers. The investment in intangible assets includes road construction. All of our government funds report capital outlays as expenditures. However, the cost of the assets is allocated over their useful lives.

### Cash Assets

At the end of the current fiscal year, the Township had \$1,102,247 in cash and other spendable assets. The Township is limited by State law in how it can invest these funds and we have made no changes in our investment strategy in several years.

### Long-term Debt

At the end of the current fiscal year, the Township had \$555,733 of installment debt outstanding. No new debt was incurred during the fiscal year.

### Pension Plan

The Township makes pension contributions equal to approximately 9% of each employee's base salary to John Hancock Life Insurance Co. on behalf of each participating employee. This is an expensed item in the budget and totaled \$17,138 for the fiscal year.

### Currently Known Factors Affecting Future Operations

The slowing of growth will have a positive effect on calls for service in the Fire and EMS area while the slowdown is ongoing. However, if there is a "boom" following this slowdown, the Township will have to be prepared to handle the surge in calls. Changes in election laws adding costs to the operations of elections as well as the number of elections held also strains the budget. Addition of a Township beach, should the grant process be successful, will also add to maintenance and operations costs.

### Requests for Information

This financial report is designed to provide a general overview of Almira Township's finances for all those with an interest in the Township's finances and to demonstrate the Township's accountability for the revenues it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Steven Puchovan, Almira Township Supervisor at 7276 Ole White Drive, Lake Ann, MI 49650.

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## Almira Township Statement of Net Assets March 31, 2008

### Governmental Activities And Total

#### Assets

|   |                  |
|---|------------------|
| Cash and Cash Equivalents                 | \$ 1,102,247     |
| Accounts Receivable, Net                  | 18,552           |
| Taxes Receivable - Current                | 42,066           |
| Capital Assets:                           |                  |
| Land                                      | 1,256,412        |
| Other Capital Assets, Net of Depreciation | <u>1,418,885</u> |
| Total Assets                              | <u>3,838,162</u> |

#### Liabilities

|  |                |
|--|----------------|
| Accounts Payable and Accrued Expenses    | 5,909          |
| Long-term Liabilities, Net of Discounts: |                |
| Due Within One Year                      | 123,517        |
| Due in More Than One Year                | <u>432,216</u> |
| Total Liabilities                        | <u>561,642</u> |

#### Net Assets

|  |                     |
|--|---------------------|
| Invested in Capital and Intangible Assets, Net of Related Debt | 2,119,564           |
| Restricted   | 18,255              |
| Unrestricted   | <u>1,138,701</u>    |
| Total Net Assets   | <u>\$ 3,276,520</u> |

See Accompanying Notes to Basic Financial Statements

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## Almira Township Statement of Activities March 31, 2008

| Functions/Programs            | <u>Expenses</u>   | <u>Program Revenues</u>                      |   | Net (Expenses) Revenue                           |
|-------------------------------|-------------------|--|---|--|
|                               |                   | <u>Fees and<br/>Charges For<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | and Changes in                                   |
|                               |                   |  |   | <u>Net Assets</u>                                |
|                               |                   |  |   | <u>Governmental<br/>Activities<br/>and Total</u> |
| Governmental Activities:      |                   |  |   |  |
| Legislative                   | \$ 38,239         | \$ -   | \$ -  | \$ (38,239)                                      |
| General Government            | 225,388           | 18,839                                       | -   | (206,549)  |
| Public Safety                 | 263,123           | 105,050                                      | 1,500   | (156,573)  |
| Public Works                  | 4,397             | -  | 7,619   | 3,222  |
| Recreation and Cultural       | 39,567            | 1,280  | 10,946  | (27,341)   |
| Debt Service Interest         | <u>23,596</u>     | <u>-</u>                                     | <u>-</u>  | <u>(23,596)</u>                                  |
| Total Governmental Activities | <u>\$ 594,310</u> | <u>\$ 125,169</u>                            | <u>\$ 20,065</u>                                  | <u>(449,076)</u>                                 |
| General Revenues:             |                   |  |   |  |
| Taxes                         |                   |  |   | 517,747  |
| State Shares Revenues         |                   |  |   | 174,408  |
| Investment Earnings           |                   |  |   | 19,265   |
| Miscellaneous                 |                   |  |   | <u>28,891</u>                                    |
| Total General Revenues        |                   |  |   | 740,311  |
| Change in Net Assets          |                   |  |   | 291,235  |
| Net Assets – Beginning        |                   |  |   | <u>2,985,285</u>                                 |
| Net Assets – Ending           |                   |  |   | <u>\$ 3,276,520</u>                              |

See Accompanying Notes to Basic Financial Statements

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## Almira Township Balance Sheet Governmental Funds March 31, 2008

|  | General<br>Fund   | Fire and EMS<br>Operating<br>Fund | Debt Service<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-------------------|-----------------------------------|----------------------|--------------------------------|--------------------------------|
| <b><u>Assets</u></b>   |                   |                                   |                      |                                |                                |
| Cash and Cash Equivalents  | \$ 388,763        | \$ 528,059                        | \$ 108,893           | \$ 76,532                      | \$ 1,102,247                   |
| Accounts Receivable, Net   | 2,653             | 15,899                            | -                    | -                              | 18,552                         |
| Taxes Receivable – Current   | 10,955            | 15,133                            | 13,060               | 2,918                          | 42,066                         |
| Total Assets   | <u>\$ 402,371</u> | <u>\$ 559,091</u>                 | <u>\$ 121,953</u>    | <u>\$ 79,450</u>               | <u>\$ 1,162,865</u>            |
| <b><u>Liabilities and Fund Equity</u></b>  |                   |                                   |                      |                                |                                |
| Liabilities:   |                   |                                   |                      |                                |                                |
| Accounts Payable   | \$ 1,952          | \$ 3,957                          | \$ -                 | \$ -                           | \$ 5,909                       |
| Total Liabilities  | <u>1,952</u>      | <u>3,957</u>                      | <u>-</u>             | <u>-</u>                       | <u>5,909</u>                   |
| Fund Equity:   |                   |                                   |                      |                                |                                |
| Fund Balance – Reserved  | 11,543            | -                                 | -                    | 6,712                          | 18,255                         |
| Fund Balance – Unreserved  | 388,876           | 555,134                           | 121,953              | 72,738                         | 1,138,701                      |
| Total Fund Balances  | <u>400,419</u>    | <u>555,134</u>                    | <u>121,953</u>       | <u>79,450</u>                  | 1,156,956                      |
| Total Liabilities and Fund Equity  | <u>\$ 402,371</u> | <u>\$ 559,091</u>                 | <u>\$ 121,953</u>    | <u>\$ 79,450</u>               |                                |
| Amounts reported for governmental activities on the statement of net assets are different because:                                     |                   |                                   |                      |                                |                                |
| Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds. |                   |                                   |                      |                                | 2,675,297                      |
| Long-term debt of governmental activities do not use current financial resources and therefore are not reported in the funds.          |                   |                                   |                      |                                | (555,733)                      |
| Net assets of governmental activities.   |                   |                                   |                      |                                | <u>\$ 3,276,520</u>            |

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

## Almira Township Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended March 31, 2008

|   | General<br>Fund   | Fire and EMS<br>Operating<br>Fund | Debt Service<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-------------------|-----------------------------------|----------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>                         |                   |                                   |                      |                                |                                |
| Taxes                                   | \$ 144,020        | \$ 181,670                        | \$ 156,255           | \$ 35,802                      | \$ 517,747                     |
| Licenses and Permits                    | 5,120             | -                                 | -                    | -                              | 5,120                          |
| State Grants                            | 182,027           | -                                 | -                    | 10,946                         | 192,973                        |
| Contributions from Local Units          | -                 | 1,500                             | -                    | -                              | 1,500                          |
| Charges for Services                    | 16,284            | 99,930                            | -                    | 1,280                          | 117,494                        |
| Interest and Rents                      | 6,725             | 13,070                            | 627                  | 1,398                          | 21,820                         |
| Other                                   | 15,858            | 1,134                             | -                    | 11,899                         | 28,891                         |
| <b>Total</b>                            | <b>370,034</b>    | <b>297,304</b>                    | <b>156,882</b>       | <b>61,325</b>                  | <b>885,545</b>                 |
| <b>Expenditures</b>                     |                   |                                   |                      |                                |                                |
| Legislative                             | 38,239            | -                                 | -                    | -                              | 38,239                         |
| General Government                      | 174,803           | -                                 | -                    | -                              | 174,803                        |
| Public Safety                           | 25,544            | 156,731                           | 3,481                | -                              | 185,756                        |
| Public Works                            | 4,397             | -                                 | -                    | -                              | 4,397                          |
| Recreation and Cultural                 | 9,270             | -                                 | -                    | 25,784                         | 35,054                         |
| Other                                   | 37,090            | -                                 | -                    | -                              | 37,090                         |
| Capital Outlay                          | 2,279             | 59,612                            | -                    | 22,689                         | 84,580                         |
| Debt Service                            | 12,252            | -                                 | 129,985              | -                              | 142,237                        |
| <b>Total</b>                            | <b>303,874</b>    | <b>216,343</b>                    | <b>133,466</b>       | <b>48,473</b>                  | <b>702,156</b>                 |
| <b>Excess Revenues (Expenditures)</b>   | <b>66,160</b>     | <b>80,961</b>                     | <b>23,416</b>        | <b>12,852</b>                  | <b>183,389</b>                 |
| <b>Fund Balance – Beginning of Year</b> | <b>334,259</b>    | <b>474,173</b>                    | <b>98,537</b>        | <b>66,598</b>                  |                                |
| <b>Fund Balance – End of Year</b>       | <b>\$ 400,419</b> | <b>\$ 555,134</b>                 | <b>\$ 121,953</b>    | <b>\$ 79,450</b>               |                                |

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (10,795)

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayment during the period. 118,641

Changes in net assets of governmental activities. \$ 291,235

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

## Almira Township Statement of Fiduciary Net Assets March 31, 2008

|                                  |                         |
|----------------------------------|-------------------------|
| Assets                           | <u>Agency<br/>Funds</u> |
| Cash and Investments             | \$ <u>7,913</u>         |
| Total Assets                     | <u>7,913</u>            |
| Liabilities                      |                         |
| Deposits                         | 7,157                   |
| Undistributed Taxes and Interest | <u>756</u>              |
| Total Liabilities                | <u>7,913</u>            |
| Net Assets                       | <u>\$ -</u>             |

See Accompanying Notes to Basic Financial Statements



# Tobin & Co.

## Almira Township Notes to Financial Statements March 31, 2008

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

Almira Township is a general law township located in Benzie County. Population as of the 2000 census was 2,811, and the current state equalized valuation for taxable property is \$182,226,875. Taxable valuation is \$131,673,972.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

#### B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds – These funds are used to account for property taxes and other resources to be used for the payment of interest and principal on long-term debt.

#### Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

# **Tobin & Co.**

## **Almira Township Notes to Financial Statements March 31, 2008**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **C. Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

#### **D. Budgets**

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the required supplementary schedules for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

#### **E. Capital Assets**

Capital assets, which includes property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

# Tobin & Co.

Almira Township  
Notes to Financial Statements  
March 31, 2008

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### E. Capital Assets (Continued)

Assets capitalized have an original cost of \$2,500 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

|                            |               |
|----------------------------|---------------|
| Land Improvements          | 20 years      |
| Buildings and Improvements | 25 – 40 years |
| Furniture and Fixtures     | 10 years      |
| Equipment                  | 5 years       |
| Vehicles                   | 10 years      |

### F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

|                           | SEV           | Taxable<br>Value | Millage<br>Rate |
|---------------------------|---------------|------------------|-----------------|
| General Operating         | \$182,226,875 | \$131,673,972    | .7663           |
| Fire and EMS Operating    | \$182,226,875 | \$131,673,972    | 1.3756          |
| Parks and Recreation      | \$182,226,875 | \$131,673,972    | .2717           |
| Fire and EMS Debt Service | \$182,226,875 | \$131,673,972    | 1.1828          |

### G. Investments

Township investments at March 31, 2008 consisted of bank money market accounts composed of investment vehicles which are legal for direct investments by local units of government in Michigan. These are reported as cash in bank on the Township balance sheet.

### H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2008.

# Tobin & Co.

## Almira Township Notes to Financial Statements March 31, 2008

### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2008, the Township incurred expenditures in excess of amounts appropriated without formal budget amendment by the Board.

|                                 |          |
|---------------------------------|----------|
| General Fund:                   |          |
| Employee Benefits and Insurance | \$ 2,808 |
| Miscellaneous                   | 1,064    |
| Debt Service Fund               | 731      |
| Parks and Recreation Fund       | 15,033   |

### NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

#### A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

#### B. Types of Deposits and Investments

The Township had \$1,125,638 deposited with a local financial institution at March 31, 2008 with a carrying value of \$1,110,160. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$916,571 of uninsured deposits at March 31, 2008.

### NOTE 4 - RECEIVABLES

\$15,899 of accounts receivable of governmental activities represent ambulance run fees outstanding while \$2,653 represent a refund of workmen's compensation premiums.

\$42,066 of accounts receivable of governmental activities represent delinquent property taxes due from Benzie County at March 31, 2008.

# Tobin & Co.

## Almira Township Notes to Financial Statements March 31, 2008

### NOTE 5 - CAPITAL/INTANGIBLE ASSETS

|   | <u>3/31/07</u>      | <u>Additions</u>   | <u>Deletions</u> | <u>3/31/08</u>      |
|---|---------------------|--------------------|------------------|---------------------|
| Governmental Activities:                    |                     |                    |                  |                     |
| Land and Improvements                       | \$ 1,286,340        | \$ 3,965           | \$ 1,163         | \$ 1,289,142        |
| Buildings and Improvements                  | 1,402,733           | 16,842             | -                | 1,419,575           |
| Machinery and Equipment                     | 118,143             | 55,000             | -                | 173,143             |
| Furniture and Fixtures                      | 15,467              | -                  | -                | 15,467              |
| Vehicles                                    | <u>748,468</u>      | <u>-</u>           | <u>-</u>         | <u>748,468</u>      |
| Total                                       | 3,571,151           | 75,807             | 1,163            | 3,645,795           |
| Less Accumulated Depreciation               | <u>(883,896)</u>    | <u>(86,602)</u>    | <u>-</u>         | <u>(970,498)</u>    |
| Governmental Activities Capital Assets, Net | <u>\$ 2,687,255</u> | <u>\$ (10,795)</u> | <u>\$ 1,163</u>  | <u>\$ 2,675,297</u> |

### NOTE 6 - LONG-TERM DEBT

On July 1, 2003, the Township entered into a \$995,000 installment loan for the construction of new emergency facilities, with the loan to be paid back over 10 years with the collection of a voted millage affecting all property owners. Principal and interest are payable monthly at \$10,832 beginning August 1, 2003 at an interest rate of 3.67%.

On September 25, 2006 the Township entered into a \$100,000 installment loan for the purchase of land, with the loan to be paid back over ten years. Principal and interest are payable monthly at \$1,021 beginning October 25, 2006 at an interest rate of 4.123%.

Debt service requirements to maturity:

| March 31, | <u>Principal</u>  | <u>Interest</u>  |
|-----------|-------------------|------------------|
| 2009      | \$ 123,517        | \$ 18,720        |
| 2010      | 128,179           | 14,058           |
| 2011      | 133,007           | 9,229            |
| 2012      | 121,212           | 4,235            |
| 2013      | 10,393            | 1,859            |
| 2014      | 10,830            | 1,422            |
| 2015      | 11,285            | 967              |
| 2016      | 11,759            | 493              |
| 2017      | <u>5,551</u>      | <u>62</u>        |
|           | <u>\$ 555,733</u> | <u>\$ 51,045</u> |

| Changes in Long-term Debt:     | <u>Principal<br/>Balance<br/>3/31/07</u> | <u>Additions</u> | <u>Payments</u>   | <u>Principal<br/>Balance<br/>3/31/08</u> |
|--------------------------------|--|------------------|-------------------|--|
| Construction Installment Loan  | \$ 578,633                               | \$ -             | \$ 110,296        | \$ 468,337                               |
| Land Purchase Installment Loan | <u>95,741</u>                            | <u>-</u>         | <u>8,345</u>      | <u>87,396</u>                            |
|                                | <u>\$ 674,374</u>                        | <u>\$ -</u>      | <u>\$ 118,641</u> | <u>\$ 555,733</u>                        |

### NOTE 9 - INVENTORIES

Almira Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

# **Tobin & Co.**

## **Almira Township Notes to Financial Statements March 31, 2008**

### **NOTE 10 - PENSION PLAN**

The Township participates in a defined contribution plan through John Hancock Life Insurance. By Board resolution the Township contributes 9% of the salaries of all elected officials, the zoning administrator, assessor, administrative assistants, maintenance, deputy clerk, and fire department officials. The Township will pay 100% of the annual contribution.

The plan covers all participants with immediate 100% vesting.

The plan is administered by the Township Clerk.

For 2007-2008, Township contributions to the plan were \$17,138. Covered payroll for the year was \$190,422 with a total payroll for all employees of \$228,622.

The Township provides social security coverage for its officials and employees not covered by the pension plan.

### **NOTE 11 - PROPERTY TAX ADMINISTRATION FEES**

As permitted by statute, the Township levied a 1% administration fee on all 2007 property taxes. This fee may be used only to offset such property tax administration expenses as assessing, collecting, and the review and appeal process. The Township had excess costs for the audit year and is in compliance with statutory requirements.

### **NOTE 12- COMPENSATED ABSENCES**

The Township provides no payment to employees for unused sick leave, accumulated leave, etc..

### **NOTE 13 - CONTINGENT LIABILITIES**

Township officials are aware of no contingent liabilities as of March 31, 2008.

### **NOTE 14- RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL DATA SECTION

# Tobin & Co.

## Almira Township Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual General Fund For the Year Ended March 31, 2008

Schedule 1  
Page 1

| <u>Revenues</u>                  | <u>Budgetary Amounts</u> |                | <u>Actual</u>  | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|----------------------------------|--------------------------|----------------|----------------|---|
|                                  | <u>Original</u>          | <u>Final</u>   |                |   |
| <u>Taxes:</u>                    |                          |                |                |   |
| Property Taxes                   | \$ 94,918                | \$ 94,918      | \$ 101,196     | \$ 6,278  |
| Penalties and Interest on Taxes  | -                        | -              | 1,128          | 1,128   |
| Property Tax Administration Fees | 33,792                   | 33,792         | 36,236         | 2,444   |
| Swamp Tax                        | 5,400                    | 5,400          | 5,444          | 44  |
| Commercial Forest Reserve        | -                        | -              | 16             | 16  |
| <u>Licenses and Permits:</u>     |                          |                |                |   |
| Zoning                           | 7,500                    | 7,500          | 5,120          | (2,380)   |
| <u>State Grants:</u>             |                          |                |                |   |
| State Shared Revenues            | 178,873                  | 178,873        | 174,408        | (4,465)   |
| Metro Act                        | 7,310                    | 7,310          | 7,619          | 309   |
| <u>Charges for Services:</u>     |                          |                |                |   |
| Summer Tax Collection            | 6,572                    | 6,572          | 6,595          | 23  |
| Fees                             | 10,434                   | 10,434         | 9,184          | (1,250)   |
| Sales                            | 200                      | 200            | 505            | 305   |
| <u>Interest and Rents:</u>       |                          |                |                |   |
| Interest                         | 4,000                    | 4,000          | 4,170          | 170   |
| Rents                            | 1,100                    | 1,100          | 2,555          | 1,455   |
| <u>Other:</u>                    |                          |                |                |   |
| Donations                        | -                        | -              | 500            | 500   |
| Refunds and Reimbursements       | 2,859                    | 2,859          | 13,224         | 10,365  |
| Sale of Capital Assets           | -                        | -              | 1,651          | 1,651   |
| Miscellaneous                    | -                        | -              | 483            | 483   |
| <b>Total Revenues</b>            | <b>352,958</b>           | <b>352,958</b> | <b>370,034</b> | <b>17,076</b>                                   |
| <u>Expenditures</u>              |                          |                |                |   |
| <u>Legislative:</u>              |                          |                |                |   |
| Township Board:                  |                          |                |                |   |
| Salaries and Wages               | -                        | -              | 6,040          | -   |
| Contractual Services             | -                        | -              | 1,142          | -   |
| Legal Services                   | -                        | -              | 12,727         | -   |
| Membership and Dues              | -                        | -              | 2,165          | -   |
| Transportation and Travel        | -                        | -              | 395            | -   |
| Community Promotion              | -                        | -              | 261            | -   |
| Cleanup Day                      | -                        | -              | 4,500          | -   |
| Printing and Publishing          | -                        | -              | 10,384         | -   |
| Education and Training           | -                        | -              | 625            | -   |
| <b>Total</b>                     | <b>41,990</b>            | <b>41,990</b>  | <b>38,239</b>  | <b>3,751</b>                                    |
| <b>Total Legislative</b>         | <b>41,990</b>            | <b>41,990</b>  | <b>38,239</b>  | <b>3,751</b>                                    |
| <u>General Government:</u>       |                          |                |                |   |
| Township Supervisor:             |                          |                |                |   |
| Salaries and Wages               | -                        | -              | 24,263         | -   |
| Transportation and Travel        | -                        | -              | 267            | -   |
| <b>Total</b>                     | <b>25,319</b>            | <b>25,319</b>  | <b>24,530</b>  | <b>789</b>                                      |

The Notes to the Basic Financial Statements are an integral part of this statement.



# Tobin & Co.

Almira Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
For the Year Ended March 31, 2008

Schedule 1  
Page 2

|                                 | Budgetary Amounts |        | Actual | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------|-------------------|--------|--------|--|
|                                 | Original          | Final  |        |  |
| <b>Expenditures (Continued)</b> |                   |        |        |  |
| General Government (Continued): |                   |        |        |  |
| Elections:                      |                   |        |        |  |
| Salaries and Wages              | -                 | -      | 2,751  | -                                      |
| Supplies and Postage            | -                 | -      | 2,961  | -                                      |
| Transportation and Travel       | -                 | -      | 74     | -                                      |
| Printing and Publishing         | -                 | -      | 78     | -                                      |
| Maintenance and Repairs         | -                 | -      | 6      | -                                      |
| Education and Training          | -                 | -      | 185    | -                                      |
| Total                           | 8,085             | 8,085  | 6,055  | 2,030                                  |
| Assessor:                       |                   |        |        |  |
| Salaries and Wages              | -                 | -      | 37,760 | -                                      |
| Contractual Services            | -                 | -      | 800    | -                                      |
| Transportation and Travel       | -                 | -      | 494    | -                                      |
| Education and Training          | -                 | -      | 150    | -                                      |
| Total                           | 40,422            | 40,422 | 39,204 | 1,218                                  |
| Clerk:                          |                   |        |        |  |
| Salaries and Wages              | -                 | -      | 24,815 | -                                      |
| Contractual Services            | -                 | -      | 1,970  | -                                      |
| Membership and Dues             | -                 | -      | 50     | -                                      |
| Education and Training          | -                 | -      | 206    | -                                      |
| Total                           | 27,369            | 27,369 | 27,041 | 328                                    |
| Board of Review:                |                   |        |        |  |
| Salaries and Wages              | -                 | -      | 558    | -                                      |
| Supplies and Postage            | -                 | -      | 60     | -                                      |
| Education and Training          | -                 | -      | 300    | -                                      |
| Total                           | 2,035             | 2,035  | 918    | 1,117                                  |
| Treasurer:                      |                   |        |        |  |
| Salaries and Wages              | -                 | -      | 24,315 | -                                      |
| Contractual Services            | -                 | -      | 910    | -                                      |
| Transportation and Travel       | -                 | -      | 293    | -                                      |
| Total                           | 25,769            | 25,769 | 25,518 | 251                                    |
| Township Office:                |                   |        |        |  |
| Salaries and Wages              | -                 | -      | 3,561  | -                                      |
| Supplies and Postage            | -                 | -      | 9,608  | -                                      |
| Contractual Services            | -                 | -      | 3,812  | -                                      |
| Communication                   | -                 | -      | 243    | -                                      |
| Public Utilities                | -                 | -      | 7,518  | -                                      |
| Maintenance and Repairs         | -                 | -      | 2,742  | -                                      |
| Total                           | 30,363            | 30,363 | 27,484 | 2,879                                  |

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

## Almira Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended March 31, 2008

Schedule 1  
Page 3

|  | <u>Budgetary Amounts</u> |                | <u>Actual</u>  | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|--------------------------|----------------|----------------|---|
|  | <u>Original</u>          | <u>Final</u>   |                |   |
| <b><u>Expenditures (Continued)</u></b> |                          |                |                |   |
| General Government (Continued):        |                          |                |                |   |
| Township Hall:                         |                          |                |                |   |
| Supplies                               | -                        | -              | 193            | -   |
| Public Utilities                       | -                        | -              | 2,711          | -   |
| Maintenance and Repairs                | -                        | -              | 1,926          | -   |
| Total                                  | <u>5,575</u>             | <u>5,575</u>   | <u>4,830</u>   | <u>745</u>                                      |
| Township Maintenance:                  |                          |                |                |   |
| Salaries and Wages                     | -                        | -              | 10,866         | -   |
| Supplies                               | -                        | -              | 2,227          | -   |
| Communication                          | -                        | -              | 55             | -   |
| Public Utilities                       | -                        | -              | 485            | -   |
| Maintenance and Repairs                | -                        | -              | 1,861          | -   |
| Total                                  | <u>20,664</u>            | <u>20,664</u>  | <u>15,494</u>  | <u>5,170</u>                                    |
| Cemetery:                              |                          |                |                |   |
| Contractual Services                   | -                        | -              | 750            | -   |
| Maintenance and Repairs                | -                        | -              | 2,979          | -   |
| Total                                  | <u>4,400</u>             | <u>5,293</u>   | <u>3,729</u>   | <u>1,564</u>                                    |
| Total General Government               | <u>190,001</u>           | <u>190,894</u> | <u>174,803</u> | <u>16,091</u>                                   |
| Public Safety:                         |                          |                |                |   |
| Planning Commission:                   |                          |                |                |   |
| Salaries and Wages                     | -                        | -              | 5,148          | -   |
| Contractual Services                   | -                        | -              | 1,100          | -   |
| Education and Training                 | -                        | -              | 275            | -   |
| Total                                  | <u>12,901</u>            | <u>12,901</u>  | <u>6,523</u>   | <u>6,378</u>                                    |
| Zoning Board of Appeals:               |                          |                |                |   |
| Salaries and Wages                     | -                        | -              | 471            | -   |
| Education and Training                 | -                        | -              | 110            | -   |
| Total                                  | <u>1,940</u>             | <u>1,940</u>   | <u>581</u>     | <u>1,359</u>                                    |
| Zoning Administrator:                  |                          |                |                |   |
| Salaries and Wages                     | -                        | -              | 17,754         | -   |
| Contractual Services                   | -                        | -              | 132            | -   |
| Transportation and Travel              | -                        | -              | 504            | -   |
| Other                                  | -                        | -              | 50             | -   |
| Total                                  | <u>20,769</u>            | <u>20,769</u>  | <u>18,440</u>  | <u>2,329</u>                                    |
| Total Public Safety                    | <u>35,610</u>            | <u>35,610</u>  | <u>25,544</u>  | <u>10,066</u>                                   |

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

## Almira Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended March 31, 2008

Schedule 1  
Page 4

|                                       | Budgetary Amounts |                                 | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------------|-------------------|---------------------------------|-------------------|--|
|                                       | Original          | Final                           |                   |  |
| <u>Expenditures (Continued)</u>       |                   |                                 |                   |  |
| Public Works:                         |                   |                                 |                   |  |
| Roads:                                |                   |                                 |                   |  |
| Maintenance and Repairs               | -                 | -                               | 4,397             | -                                      |
| Total Public Works                    | 11,000            | 11,000                          | 4,397             | 6,603                                  |
| Recreation and Culture:               |                   |                                 |                   |  |
| Ransom Lake:                          |                   |                                 |                   |  |
| Supplies                              | -                 | -                               | 435               | -                                      |
| Maintenance and Repairs               | -                 | -                               | 65                | -                                      |
| Total                                 | 2,500             | 2,500                           | 500               | 2,000                                  |
| Lakes and Parks:                      |                   |                                 |                   |  |
| Maintenance and Repairs               | -                 | -                               | 107               | -                                      |
| Total                                 | 3,000             | 3,000                           | 107               | 2,893                                  |
| Library:                              |                   |                                 |                   |  |
| Salaries and Wages                    | -                 | -                               | 4,689             | -                                      |
| Supplies                              | -                 | -                               | 941               | -                                      |
| Contractual Services                  | -                 | -                               | 30                | -                                      |
| Public Utilities                      | -                 | -                               | 2,918             | -                                      |
| Maintenance and Repairs               | -                 | -                               | 27                | -                                      |
| Education and Training                | -                 | -                               | 58                | -                                      |
| Total                                 | 8,801             | 8,801                           | 8,663             | 138                                    |
| Total Recreation and Culture          | 14,301            | 14,301                          | 9,270             | 5,031                                  |
| Other:                                |                   |                                 |                   |  |
| Employee Benefits and Insurance       | 33,118            | 33,118                          | 35,926            | (2,808)                                |
| Miscellaneous                         | 100               | 100                             | 1,164             | (1,064)                                |
| Total Other                           | 33,218            | 33,218                          | 37,090            | (3,872)                                |
| Capital Outlay                        | 14,500            | 15,307                          | 2,279             | 13,028                                 |
| Debt Service                          | 12,300            | 12,300                          | 12,252            | 48                                     |
| Total Expenditures                    | 352,920           | 354,620                         | 303,874           | 50,746                                 |
| <u>Excess Revenues (Expenditures)</u> | <u>\$ 38</u>      | <u><del>\$(1) (1,662)</del></u> | 66,160            | <u>\$ 67,822</u>                       |
| Fund Balance -- Beginning of Year     |                   |                                 | 334,259           |  |
| Fund Balance -- End of Year           |                   |                                 | <u>\$ 400,419</u> |  |
| (1) Budgeted from Fund Balance        |                   |                                 |                   |  |

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Almira Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Fire and EMS Operating Fund  
For the Year Ended March 31, 2008

Schedule 2

|  | <u>Budgetary Amounts</u> |                | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|--------------------------|----------------|-------------------|---|
|  | <u>Original</u>          | <u>Final</u>   |                   |   |
| <b><u>Revenues</u></b>                       |                          |                |                   |   |
| Taxes:                                       |                          |                |                   |   |
| Property Taxes                               | \$ 170,381               | \$ 170,381     | \$ 181,670        | \$ 11,289                                       |
| Contributions from Local Units:              |                          |                |                   |   |
| Benzie County                                | -                        | -              | 1,500             | 1,500   |
| Charges for Services:                        |                          |                |                   |   |
| Run Fees                                     | 68,413                   | 68,413         | 99,930            | 31,517  |
| Interest and Rents:                          |                          |                |                   |   |
| Interest                                     | 7,000                    | 7,000          | 13,070            | 6,070   |
| Other:                                       |                          |                |                   |   |
| Donations                                    | -                        | -              | 700               | 700   |
| Refunds and Reimbursements                   | -                        | -              | 275               | 275   |
| Miscellaneous                                | -                        | -              | 159               | 159   |
| <b>Total</b>                                 | <b>245,794</b>           | <b>245,794</b> | <b>297,304</b>    | <b>51,510</b>                                   |
| <b><u>Expenditures</u></b>                   |                          |                |                   |   |
| Salaries and Wages                           | -                        | -              | 54,319            | -   |
| Social Security and Medicare                 | -                        | -              | 2,301             | -   |
| Pension                                      | -                        | -              | 2,317             | -   |
| Supplies                                     | -                        | -              | 8,130             | -   |
| Contractual Services                         | -                        | -              | 18,429            | -   |
| Membership and Dues                          | -                        | -              | 80                | -   |
| Communications                               | -                        | -              | 399               | -   |
| Transportation and Travel                    | -                        | -              | 1,551             | -   |
| Community Promotion                          | -                        | -              | 157               | -   |
| Printing and Publishing                      | -                        | -              | 269               | -   |
| Insurance and Bonds                          | -                        | -              | 19,121            | -   |
| Public Utilities                             | -                        | -              | 28,185            | -   |
| Maintenance and Repairs                      | -                        | -              | 8,317             | -   |
| Licenses and Fees                            | -                        | -              | 4,915             | -   |
| Other  | -                        | -              | 2,470             | -   |
| Education and Training                       | -                        | -              | 5,771             | -   |
| Capital Outlay                               | -                        | -              | 59,612            | -   |
| <b>Total</b>                                 | <b>245,794</b>           | <b>245,794</b> | <b>216,343</b>    | <b>29,451</b>                                   |
| <b><u>Excess Revenues (Expenditures)</u></b> | <b>\$ -</b>              | <b>\$ -</b>    | <b>80,961</b>     | <b>\$ 80,961</b>                                |
| <b>Fund Balance – Beginning of Year</b>      |                          |                | <b>474,173</b>    |   |
| <b>Fund Balance – End of Year</b>            |                          |                | <b>\$ 555,134</b> |   |

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Almira Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Debt Service Fund  
For the Year Ended March 31, 2008

Schedule 3

|                                       | <u>Budgetary Amounts</u> |                  | <u>Actual</u>     | <u>Variance</u><br><u>Favorable</u><br><u>(Unfavorable)</u> |
|---------------------------------------|--------------------------|------------------|-------------------|---|
|                                       | <u>Original</u>          | <u>Final</u>     |                   |   |
| <u>Revenues</u>                       |                          |                  |                   |   |
| Taxes:                                |                          |                  |                   |   |
| Property Taxes                        | \$ 146,500               | \$ 146,500       | \$ 156,255        | \$ 9,755  |
| Interest and Rents:                   |                          |                  |                   |   |
| Interest                              | -                        | -                | 627               | 627   |
| Total Revenues                        | <u>146,500</u>           | <u>146,500</u>   | <u>156,882</u>    | <u>10,382</u>   |
| <u>Expenditures</u>                   |                          |                  |                   |   |
| Licenses and Fees                     | -                        | -                | 2,930             | -   |
| Other                                 | -                        | -                | 551               | -   |
| Debt Service                          | -                        | -                | 129,985           | -   |
| Total Expenditures                    | <u>132,735</u>           | <u>132,735</u>   | <u>133,466</u>    | <u>(731)</u>  |
| <u>Excess Revenues (Expenditures)</u> | <u>\$ 13,765</u>         | <u>\$ 13,765</u> | 23,416            | <u>\$ 9,651</u>   |
| Fund Balance – Beginning of Year      |                          |                  | <u>98,537</u>     |   |
| Fund Balance – End of Year            |                          |                  | <u>\$ 121,953</u> |   |

The Notes to the Basic Financial statements are an integral part of this statement.

# Tobin & Co.

Almira Township  
Combining Balance Sheet  
Non-Major Governmental Funds  
March 31, 2008

Schedule 4

|  | Special Revenue                 |                                    |                  |
|--|---------------------------------|------------------------------------|------------------|
|  | Parks and<br>Recreation<br>Fund | Ransom Lake<br>Stewardship<br>Fund | Total            |
| <u>Assets</u>                          |                                 |                                    |                  |
| Cash and Cash Equivalents              | \$ 60,509                       | \$ 16,023                          | \$ 76,532        |
| Delinquent Property Taxes Receivable   | <u>2,918</u>                    | <u>-</u>                           | <u>2,918</u>     |
| Total                                  | <u>\$ 63,427</u>                | <u>\$ 16,023</u>                   | <u>\$ 79,450</u> |
| <br><u>Liabilities and Fund Equity</u> |                                 |                                    |                  |
| Liabilities:                           |                                 |                                    |                  |
| Accounts Payable                       | \$ -                            | \$ -                               | \$ -             |
| Total                                  | <u>-</u>                        | <u>-</u>                           | <u>-</u>         |
| Fund Equity:                           |                                 |                                    |                  |
| Fund Balance – Reserved                | 6,712                           | -                                  | 6,712            |
| Fund Balance – Unreserved              | <u>56,715</u>                   | <u>16,023</u>                      | <u>72,738</u>    |
| Total                                  | <u>63,427</u>                   | <u>16,023</u>                      | <u>79,450</u>    |
| Total Liabilities and Fund Equity      | <u>\$ 63,427</u>                | <u>\$ 16,023</u>                   | <u>\$ 79,450</u> |

The Notes to the Basic Financial statements are an integral part of this statement

# Tobin & Co.

## Almira Township Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds For the Year Ended March 31, 2008

Schedule 5

|                                       | Special Revenue                 |                                    |                  |
|---------------------------------------|---------------------------------|------------------------------------|------------------|
|                                       | Parks and<br>Recreation<br>Fund | Ransom Lake<br>Stewardship<br>Fund | Total            |
| <u>Revenues</u>                       |                                 |                                    |                  |
| Taxes:                                |                                 |                                    |                  |
| Property Taxes                        | \$ 35,802                       | \$ -                               | \$ 35,802        |
| State Grants:                         |                                 |                                    |                  |
| Natural Resources                     | -                               | 10,946                             | 10,946           |
| Charges for Services:                 |                                 |                                    |                  |
| Sales                                 | 1,280                           | -                                  | 1,280            |
| Interest and Rents:                   |                                 |                                    |                  |
| Interest                              | 396                             | 132                                | 528              |
| Rents                                 | 870                             | -                                  | 870              |
| Other:                                |                                 |                                    |                  |
| Donations                             | 11,748                          | -                                  | 11,748           |
| Refunds and Reimbursements            | 151                             | -                                  | 151              |
| Total                                 | <u>50,247</u>                   | <u>11,078</u>                      | <u>61,325</u>    |
| <u>Expenditures</u>                   |                                 |                                    |                  |
| Recreation and Culture                | 25,784                          | -                                  | 25,784           |
| Capital Outlay                        | <u>18,724</u>                   | <u>3,965</u>                       | <u>22,689</u>    |
| Total                                 | <u>44,508</u>                   | <u>3,965</u>                       | <u>48,473</u>    |
| <u>Excess Revenues (Expenditures)</u> | 5,739                           | 7,113                              | 12,852           |
| Fund Balance – Beginning of Year      | <u>57,688</u>                   | <u>8,910</u>                       | <u>66,598</u>    |
| Fund Balance – End of Year            | <u>\$ 63,427</u>                | <u>\$ 16,023</u>                   | <u>\$ 79,450</u> |

The Notes to the Basic Financial statements are an integral part of this statement.

# Tobin & Co.

## Almira Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Parks and Recreation Fund For the Year Ended March 31, 2008

Schedule 6

|                                       | <u>Budgetary Amounts</u> |               | <u>Actual</u>    | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---------------------------------------|--------------------------|---------------|------------------|---|
|                                       | <u>Original</u>          | <u>Final</u>  |                  |   |
| <u>Revenues</u>                       |                          |               |                  |   |
| Taxes:                                |                          |               |                  |   |
| Property Taxes                        | \$ 29,475                | \$ 29,475     | \$ 35,802        | \$ 6,327  |
| Charges for Services:                 |                          |               |                  |   |
| Sales                                 | -                        | -             | 1,280            | 1,280   |
| Interest and Rents:                   |                          |               |                  |   |
| Interest                              | -                        | -             | 396              | 396   |
| Rents                                 | -                        | -             | 870              | 870   |
| Other:                                |                          |               |                  |   |
| Donations                             | -                        | -             | 11,748           | 11,748  |
| Refunds and Reimbursements            | -                        | -             | 151              | 151   |
| Total                                 | <u>29,475</u>            | <u>29,475</u> | <u>50,247</u>    | <u>20,772</u>                                   |
| <u>Expenditures</u>                   |                          |               |                  |   |
| Salaries and Wages                    | -                        | -             | 14,063           | -   |
| Social Security and Medicare          | -                        | -             | 220              | -   |
| Pension                               | -                        | -             | 1,211            | -   |
| Supplies                              | -                        | -             | 1,856            | -   |
| Cost of Sales                         | -                        | -             | 327              | -   |
| Contractual Services                  | -                        | -             | 180              | -   |
| Maintenance and Repairs               | -                        | -             | 3,320            | -   |
| Other                                 | -                        | -             | 4,018            | -   |
| Licenses and Fees                     | -                        | -             | 589              | -   |
| Capital Outlay                        | -                        | -             | 18,724           | -   |
| Total                                 | <u>29,475</u>            | <u>29,475</u> | <u>44,508</u>    | <u>(15,033)</u>                                 |
| <u>Excess Revenues (Expenditures)</u> | <u>\$ -</u>              | <u>\$ -</u>   | <u>5,739</u>     | <u>\$ 5,739</u>                                 |
| Fund Balance – Beginning of Year      |                          |               | <u>57,688</u>    |   |
| Fund Balance – End of Year            |                          |               | <u>\$ 63,427</u> |   |

The Notes to the Basic Financial Statements are an integral part of this statement.



# Tobin & Co.

Almira Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Ransom Lake Stewardship Fund  
For the Year Ended March 31, 2008

Schedule 7

|                                       | <u>Budgetary Amounts</u> |              | <u>Actual</u> | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---------------------------------------|--------------------------|--------------|---------------|---|
|                                       | <u>Original</u>          | <u>Final</u> |               |   |
| <u>Revenues</u>                       |                          |              |               |   |
| State Grants:                         |                          |              |               |   |
| Natural Resources                     | \$ -                     | \$ -         | \$ 10,946     | \$ 10,946                                       |
| Interest and Rents:                   |                          |              |               |   |
| Interest                              | -                        | -            | 132           | 132   |
| Total Revenues                        | -                        | -            | 11,078        | 11,078  |
| <u>Expenditures</u>                   |                          |              |               |   |
| Capital Outlay                        | -                        | -            | 3,965         | -   |
| Total Expenditures                    | 50,310                   | 50,310       | 3,965         | 46,345  |
| <u>Excess Revenues (Expenditures)</u> | (1) \$ (50,310)          | \$ (50,310)  | 7,113         | \$ 57,423                                       |
| Fund Balance – Beginning of Year      |                          |              | 8,910         |   |
| Fund Balance – End of Year            |                          |              | \$ 16,023     |   |
| (1) Budgeted from Fund Balance        |                          |              |               |   |

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Almira Township  
2007 Property Tax Levy and Collections  
For the Year Ended March 31, 2008

Schedule 8

|                                 | Millage<br>Rate | Adjusted<br>Levy    | Collected           | Returned<br>Delinquent |
|---------------------------------|-----------------|---------------------|---------------------|------------------------|
| County                          | 3.5485          | \$ 469,749          | \$ 448,560          | \$ 21,189              |
| County Jail                     | 1.2551          | 166,205             | 151,941             | 14,264                 |
| County Medical Care Facility    | 1.0000          | 132,304             | 121,059             | 11,245                 |
| County Commission on Aging      | 0.6600          | 87,315              | 79,894              | 7,421                  |
| County Veterans Relief          | 0.0250          | 3,296               | 3,015               | 281                    |
| County Animal Control           | 0.9920          | 13,114              | 11,998              | 1,116                  |
| County Ambulance                | 0.5883          | 77,886              | 71,213              | 6,673                  |
| Benzie Transportation Authority | 0.4960          | 65,297              | 60,040              | 5,257                  |
| State Education                 | 6.0000          | 790,035             | 758,463             | 31,572                 |
| School District:                |                 |                     |                     |                        |
| Benzie Central                  | 19.3500         | 774,299             | 691,949             | 82,350                 |
| Traverse City                   | 21.1000         | 174,597             | 159,521             | 15,076                 |
| Intermediate School District    | 2.9334          | 388,232             | 355,130             | 33,102                 |
| Township - General              | 0.7663          | 101,431             | 92,763              | 8,668                  |
| - Fire Protection               | 1.3756          | 182,091             | 166,530             | 15,561                 |
| - Parks and Recreation          | 0.2717          | 35,931              | 32,883              | 3,048                  |
| - Fire/EMS Building             | 1.1828          | 156,568             | 143,188             | 13,380                 |
| Special Assessments:            |                 |                     |                     |                        |
| Recycling                       |                 | 27,136              | 24,992              | 2,144                  |
| Commercial Forest               |                 | 96                  | 96                  | -                      |
| Total                           |                 | <u>\$ 3,645,582</u> | <u>\$ 3,373,235</u> | <u>\$ 272,347</u>      |
| Percent of Levy Collected       |                 | 92.53%              |                     |                        |

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

To the Township Board  
Almira Township

We have audited the financial statements of Almira Township for the year ended March 31, 2008 and have issued our report thereon dated September 16, 2008. Professional standards require that we provide you with the following information related to our audit.

## Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 24, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable but not absolute assurance, and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist but not be detected by us.

As part of our audit, we considered the internal control of Almira Township. Such consideration was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

## Internal Control

In planning and performing our audit, we considered the internal control over financial reporting of the Township as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ability to initiate, authorize, record, process or report financial data reliably in accordance with

## **Tobin & Co.**

generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider each of the following significant deficiencies to be a material weakness.

### Segregation of Duties

A properly designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments and payroll, from authorization and approval of transactions and account reconciliations. The small size of the administrative staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected in the normal course.

### Budget

The approved budget for the Ransom Lake Stewardship Fund budgeted \$50,310 of expenditures and no revenues, while the prior years' fund balance forward was \$8,910. The State of Michigan prohibits passage of a budget which will result in a fund deficit.

### Reporting Financial Data

The above definition of a significant deficiency includes any condition that adversely affects the ability to report financial data in accordance with generally accepted accounting principles ("GAAP"). As a matter of convenience, the Township has always relied upon its auditors to prepare financial statements and related notes and supplemental schedules for external reporting in accordance with GAAP. As a consequence, the Township has not developed the tools and resources necessary to enable its employees to prepare reports in conformity with GAAP in the normal course of performing their assigned functions. The Township has committed the resources necessary to meet its internal reporting needs. In this regard, it is not unlike many other townships of its size.

## **Tobin & Co.**

### Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Almira Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007-2008. We noted no transactions entered into by the Township during the year that were both significant and unusual and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. However, none of management's estimates are considered to be particularly sensitive.

### Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township, either individually or in the aggregate, indicates matters that could have a significant effect on the Township's financial reporting process.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

## **Tobin & Co.**

### Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

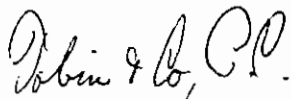
### Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### No Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the Township Board and management of Almira Township and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Tobin & Co., P.C.".

Tobin & Co., P.C.

September 16, 2008